MULTIMEDIA UNIVERSITY STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

UNL1612 – CONTRACT LAW 1

(All Sections/Groups)
25 OCTOBER 2017
Reading Time : 2.30 p.m - 2.45 p.m
(15 Minutes)
Answering Time : 2.45 p.m – 5.45 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. Students will have **fifteen minutes** during which they read the paper and make rough notes ONLY on their question paper. Students then have the remaining **THREE HOURS** in which to answer the question.

2. This Question paper consists of 3 Pages and 5 Questions only.

3. This Question paper consists of 2 sections. Attempt **ONE** question only in **Section A** and all **THREE** questions in **Section B**. All questions carry equal marks and the distribution of the marks for each question is given.

4. Students are allowed to bring into the examination hall CLEAN and ORIGINAL copy of:
   i. **Contracts Act 1950 (Act 136)**
   Students are not allowed to lend or borrow statute(s) during the Examination.

5. Please write all your answers in the Answer Booklet provided.

SECTION A (Answer one Question only)

QUESTION 1

On 4th September 2016, Bunga Furniture Enterprise (BFE) offers to sell 20 sets of the dining table to Hotel Double Extravaganza (HDE) at RM3000 per set. The offer to HDE is sent by fax and included the following statement: "Please send an acceptance by registered post before 12 pm today." Delivery will occur on 27th September 2016." HDE's manager called BFE's manager and enquired whether the payment of 20 sets of the dining table could be paid by instalments. HDE manager kept silent and only informed that he would call back to give his confirmation. However, HDE emails an acceptance of the offer at 11 am. The email was accidentally deleted by an administrative assistant at BFE before it was passed on to BFE's management.

On 7th September 2016, BFE decided to offer to sell the 20 sets of the dining table to Hotel Meriah (HM) because of the non-acceptance of the offer from HDE. HM post an acceptance via registered post on 7th September 2016 at about 11 am. Immediately after posting the acceptance through registered post, HM decided to revoke the acceptance via fax. But BFE did not accept the said revocation because the fax machine was out of paper.

(a) Advise Hotel Double Extravaganza (HDE) whether there was a contract with Bunga Furniture Enterprise (BFE).

(15 marks)

(b) Advise Hotel Meriah (HM) whether there was a contract with Bunga Furniture Enterprise (BFE).

(10 marks)

(Total: 25 marks)

OR

QUESTION 2

(a) An agreement made without consideration is void, unless if it is within the exceptions laid down by the law. Explain this statement with reference to the Contracts Act 1950 and decided cases.

(15 marks)

Continued...

(b) Elvis has lived apart from his wife Selena since April 2016 after she left their matrimonial home in Melaka and moved to Kedah. Before she left, Elvis promised to pay her RM1000 per month until she returned home. After two months living apart, they decided that it will be best that they remain apart. The matrimonial home is under Elvis name only. Elvis agreed to sell the house and divided the proceeds of the house equally with Selena. Selena insisted for the arrangement to be in writing. After the matrimonial home was sold, Elvis refused to divide the proceeds with Selena. Elvis also failed to pay Selena the RM1000 monthly payment since April 2016. Advise Selena.

(10 marks)

(Total: 25 marks)

SECTION B (Answer all Questions)

QUESTION 3

(a) State the main difference between a representation and a term of a contract. With reference to decided cases, explain the various tests and guidelines to determine whether a statement is a representation or a term of a contract.

(15 marks)

(b) Orchid is a first time visitor of Mahkota Raya in Melaka. Upon entering the jockey service entrance, she saw a notice board, but she could not read it as the wording was very small. She surrendered her car to the jockey in attendance and she was given a ticket. She immediately kept the ticket inside her handbag without reading it.

The terms and conditions of the jockey service were printed on the parking ticket. Some of the terms were as follows:

1. The company is not liable for any loss or damage whatsoever to the vehicle parked in this car park.
2. The company or its employees shall not be liable for any loss or damage as a consequence of any vehicle being moved or driven other than the employees.

Upon returning from her shopping, Orchid handed over her ticket to retrieve her car. Unfortunately, the jockey informed her that her car already been taken. The company states that it is not responsible based on the exclusion clause on the notice board and the parking ticket. Advise Orchid.

(10 marks)

(Total: 25 marks)

Continued...

QUESTION 4

(a) With reference to relevant statutory provisions and decided cases, discuss the doctrine of privity of contract in Malaysia.

(15 marks)

(b) Ed told Laila that he needs RM20,000.00 urgently for his father's medical bills. Ed is a minor but he told Laila that he was 21 years of age and gave his brother's identity card to Laila as evidence. Ed then promised Pinky, 16 years of age, that he would marry her as soon as his father recovered from his sickness. However, Ed spent all money he had borrowed from Laila to buy a motorcycle. Both Laila and Pinky sued Ed to enforce their rights. Advise the parties.

(10 marks)

(Total: 25 marks)

QUESTION 5

(a) Explain the effect of void agreements and the relief for void agreements with reference to Contracts Act 1950 and decided cases.

(10 marks)

(b) Ali has been in occupation of a land that is categorised as agricultural land. Ali agrees to sell the land to David for RM100,000.00. The agreement provides that Ali should apply for approval from the local council. David will pay for 10% of the purchase price after Ali has obtained the approval of the conversion of the agricultural land to residential, inter alia, that David shall occupy the land on payment of 10% of the purchase price. Ali would execute a valid transfer of the land as soon as the titles are issued by the State Land Authority, but State Land authority refused to convert the agricultural land to the residential. Meanwhile, David paid the amount stipulated in the agreement and took possession of the land. David now claims for the return of the money. Since the agreement is illegal and void, Ali contends that no action can be maintained against him and that the money paid by David cannot be refunded. Advise David.

(15 marks)

(Total: 25 marks)

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